

NATIONAL OILHEAT RESEARCH ALLIANCE, INC.

DECEMBER 31, 2015 AND 2014

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in their entirety.**

NATIONAL OILHEAT RESEARCH ALLIANCE, INC.

DECEMBER 31, 2015 and 2014

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
National Oilheat Research Alliance, Inc.
Alexandria, Virginia

Scope

We have audited the accompanying statements of the National Oilheat Research Alliance, Inc. (the Alliance), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

The Board of Directors
National Oilheat Research Alliance, Inc.
Alexandria, Virginia

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Alliance as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Expenses by State/Jurisdiction on pages 13-16 for the year ended December 31, 2015, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Ross, Langan & Mc Kendrick
L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

July 28, 2016

NATIONAL OILHEAT RESEARCH ALLIANCE, INC.

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2015 AND 2014

ASSETS

| | <u>2015</u> | <u>2014</u> |
|--------------------------------|----------------------|---------------------|
| CURRENT ASSETS | | |
| Cash | \$ 8,209,832 | \$ 3,286,187 |
| Assessments receivable | 2,519,503 | 2,869,163 |
| Other current assets | <u>398,279</u> | <u>105,766</u> |
| Total current assets | 11,127,614 | 6,261,116 |
| OTHER NONCURRENT ASSETS | <u>58,490</u> | <u>33,300</u> |
| TOTAL ASSETS | <u>\$ 11,186,104</u> | <u>\$ 6,294,416</u> |

LIABILITIES AND NET ASSETS

| | | |
|---|----------------------|---------------------|
| CURRENT LIABILITIES | | |
| Accounts payable and accrued expenses | \$ 298,113 | \$ 193,891 |
| Refunds payable | 324,823 | 365,497 |
| Other current liabilities | 37,505 | 32,756 |
| State grants payable | 3,604,358 | 1,852,176 |
| Obligation for unallocated state rebates | 2,350,390 | 906,381 |
| State grant rebates remaining under NORA Public Law 106-469 | <u>465,397</u> | <u>774,402</u> |
| TOTAL LIABILITIES |7,080,586 |4,125,103 |
| NET ASSETS | | |
| Unrestricted undesignated net assets | 775,000 | 207,760 |
| Designated net assets- | | |
| Pre-2014 reauthorization net assets | 472,266 | 487,232 |
| State grants and rebates made after year end | 404,660 | 297,416 |
| National spending not yet incurred | <u>2,453,592</u> | <u>1,176,905</u> |
| Total unrestricted net assets | <u>4,105,518</u> | <u>2,169,313</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 11,186,104</u> | <u>\$ 6,294,416</u> |

The accompanying notes are an integral part of these financial statements.

NATIONAL OILHEAT RESEARCH ALLIANCE, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

| | 2015 | 2014 |
|--|--------------|--------------|
| CHANGE IN UNRESTRICTED NET ASSETS | | |
| REVENUE AND GAINS/LOSSES | | |
| Assessments revenue - net of refunds | \$ 9,728,432 | \$ 5,521,669 |
| Contract revenue | - | 37,903 |
| Other income, net of cost of sales of \$70,547 in 2015 and \$71,708 in 2014 | 19,247 | 21,399 |
| Total revenue and gains/losses | 9,747,679 | 5,580,971 |
| EXPENSES | | |
| Program expenses: | | |
| Research, development, and demonstration | 1,382,176 | 579,435 |
| Heating oil efficiency and upgrade | 1,366,329 | 700,841 |
| Consumer education, safety, and training | 2,866,471 | 1,403,505 |
| Unallocated state rebates | 1,736,928 | 907,000 |
| Total program expenses | 7,351,904 | 3,590,781 |
| Administrative costs | 229,850 | 303,785 |
| General and special projects: | | |
| Assessment and collection costs | 180,385 | 193,262 |
| Annual report costs | 34,369 | - |
| Expenditures of pre-2014 reauthorization funds | 14,966 | - |
| Total general and special projects | 229,720 | 193,262 |
| Total expenses | 7,811,474 | 4,087,828 |
| CHANGE IN UNRESTRICTED NET ASSETS | 1,936,205 | 1,493,143 |
| NET ASSETS, BEGINNING OF YEAR | 2,169,313 | 676,170 |
| NET ASSETS, END OF YEAR | \$ 4,105,518 | \$ 2,169,313 |

The accompanying notes are an integral part of these financial statements.

NATIONAL OILHEAT RESEARCH ALLIANCE, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

| | <u>2015</u> | <u>2014</u> |
|--|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ 1,936,205 | \$ 1,493,143 |
| Adjustments to reconcile change in unrestricted net assets to net change in cash from operating activities: | | |
| Depreciation and amortization | 9,277 | 2,219 |
| Changes in assets and liabilities: | | |
| Assessments receivable | 349,660 | (2,869,163) |
| Other receivables | - | (37,903) |
| Other current assets | (292,513) | 17,575 |
| Other noncurrent assets | (21,146) | - |
| Accounts payable and accrued expenses | 104,222 | 164,698 |
| Refunds payable | (40,674) | 365,497 |
| Other current liabilities | 4,749 | 6,703 |
| State grants payable | 1,752,182 | 1,852,176 |
| Obligation for unallocated state rebates | 1,444,009 | 906,381 |
| State grant rebates remaining under NORA Public Law 106-469 | (309,005) | (406,356) |
| Net change in cash from operating activities | 4,936,966 | 1,494,970 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of noncurrent assets | (13,321) | (35,500) |
| NET CHANGE IN CASH | 4,923,645 | 1,459,470 |
| CASH, BEGINNING OF YEAR | <u>3,286,187</u> | <u>1,826,717</u> |
| CASH, END OF YEAR | <u>\$ 8,209,832</u> | <u>\$ 3,286,187</u> |

The accompanying notes are an integral part of these financial statements.

NATIONAL OILHEAT RESEARCH ALLIANCE, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - THE ORGANIZATION

The National Oilheat Research Alliance, Inc. (the Alliance) is a non-profit trade organization developed under the National Oilheat Research Alliance Act of 2000 (NORA), Public Law 106-469, legislation passed by the United States Congress and signed into law in November 2000. The law was amended in 2014 under NORA Public Law 113-79. The Alliance was created to educate consumers about the benefits of oilheat, to perform research and development, to encourage heating oil efficiency and upgrades, and to provide technical training to provide better customer service. The Alliance's Board consists of members from the oilheat industry, retail markets, wholesale distributors, public members, and representatives from the states with the highest oilheat sales. The Alliance was incorporated on January 31, 2001. Funding under the NORA Public Law 106-469 ceased on February 6, 2010. On February 7, 2014, the NORA Public Law 113-79 extended the provisions of NORA Public Law 106-469 to February 6, 2019. Funding under NORA Public Law 113-79 resumed effective April 1, 2014.

Pursuant to Public Law 113-79, Congress established a limit on the use of assessments revenue of 30 percent for consumer education, safety, and training; a minimum of at least 30 percent of assessments revenue for research, development, and demonstration; a minimum of at least 15 percent of assessments revenue for heating oil efficiency and upgrade; and a limit on the use of assessments revenue of 5 percent for administrative costs. In the years ended December 31, 2015 and 2014, the Alliance was in compliance with these percentages.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting following the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC), which is the sole source of authoritative generally accepted accounting principles in the United States of America. The Alliance reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that could affect certain reported amounts of assets, liabilities, revenue, and expenses, the disclosure of contingent assets and liabilities at the date of the financial statements, and functional allocations during the year. Actual results could differ from those estimates.

Assessments Receivable

An estimate of assessments to be received, but not remitted to the Alliance at the end of the year, is recognized. Receivables are charged to bad debt expense as they are deemed uncollectible based upon a periodic review of the accounts. As of December 31, 2015 and 2014, no allowance for uncollectible accounts was considered necessary by management.

NATIONAL OILHEAT RESEARCH ALLIANCE, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assessments Revenue

The NORA Public Law 113-79 requires wholesale distributors of No. 1 distillate and No. 2 dyed distillate to remit an assessment of two-tenths of one cent per gallon at the point of sale to the Alliance. If the No. 1 distillate or No. 2 dyed distillate is imported after the point of sale, the assessment is to be made when the product enters the United States of America. Assessments are due to be remitted to the Alliance at least quarterly.

Under NORA Public Law 113-79's collections rules, any dyed distillate or blends are subject to assessment. Some of this fuel is used for non-heating applications and is refunded. Assessments revenue is presented in the accompanying statements of activities net of refunds recorded of \$1,185,051 and \$883,316 for the years ended December 31, 2015 and 2014, respectively.

Income Tax Status

The Alliance received a determination letter from the Internal Revenue Service (IRS) that it has been granted an exemption from federal income taxes and it qualifies under Section 501(c)(6) of the Internal Revenue Code. The Alliance believes its operations are consistent with the nature of their exemption granted by the IRS. There is no current liability for income taxes on unrelated business income and no temporary differences resulting in deferred taxes as of December 31, 2015 and 2014.

The Alliance is required to measure, recognize, present, and disclose in its financial statements uncertain income tax positions the Alliance has taken in the tax years that remain subject to examination or expects to take on an income tax return. The Alliance recognizes the tax benefits from uncertain income tax positions only if it is more likely than not the tax position will be sustained on examination by tax authorities. The Alliance recorded no liability for uncertain income tax positions for any open tax years.

Subsequent Events

The Alliance has evaluated subsequent events through July 28, 2016, which is the date the financial statements were available to be issued.

Reclassifications

Certain 2014 amounts have been reclassified to conform with 2015 classifications.

NOTE 3 - CONCENTRATIONS OF CREDIT RISK

The Alliance has exposure to credit risk on its cash and investments held in broker-managed accounts. The assets are insured by the Securities Investor Protection Corporation (SIPC), which protects investors for up to \$500,000 including a maximum of \$250,000 for claims of cash if the brokerage firm holding the assets becomes insolvent, but it does not insure the underlying assets of \$8,455,324 as of December 31, 2015. Management does not consider this a significant concentration of credit risk.

NATIONAL OILHEAT RESEARCH ALLIANCE, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 4 - COMMITMENTS AND CONTINGENCIES

The Alliance has entered into operating lease agreements for office space and a liquid fuels research center. Future minimum lease payments are as follows for the years ending December 31:

| | | |
|-------|----|----------------|
| 2016 | \$ | 74,739 |
| 2017 | | 77,407 |
| 2018 | | 79,729 |
| 2019 | | 82,121 |
| 2020 | | <u>84,584</u> |
| Total | \$ | <u>398,580</u> |

From time to time, the Alliance may receive inquiries from government agencies, because of the nature of its funding sources. Management does not expect the result of such inquiries to impact the financial information of the Alliance.

NOTE 5 - PROGRAM SERVICES

The NORA Public Law 113-79 places requirements on how the Alliance can spend the assessments it collects. At the beginning of each year, the Alliance makes an estimate of what total assessments are anticipated to be in the coming year. Grants are made to state organizations and national campaigns are undertaken based on the estimates. Actual assessments revenue differ from the estimates. The difference between the estimates and actual assessments are to be reflected in the grants made in future years. The law establishes strict percentage allocations for program spending and these percentages are tied to the revenue received from assessments. Management has developed procedures to ensure these percentages are reflected in budgets and carried forward as appropriate. Variances between the percentages disclosed in the program descriptions below are descriptive of the current year's operations and management believes they do not indicate non-compliance with the statute.

Research, Development, and Demonstration

The NORA Public Law 113-79 requires the Alliance to ensure not less than 30 percent of the assessments collected for each calendar year under the NORA Public Law 113-79 are used by qualified state associations or the Alliance to conduct research, development, and demonstration activities relating to oilheat fuel, including the development of energy-efficient heating systems to be placed into the marketplace. This also includes the Alliance, in conjunction with an institution or organization engaged in biofuels research, to develop consumer education materials describing the benefits of using biofuels as or in oilheat fuel based on the technical information developed.

In 2015, the Alliance granted or expended \$1,382,176 for the research, development, and demonstration program, including \$166,499 in grants and spending of past years assessments revenue. The Alliance also budgeted \$2,000,000 in additional national spending and \$127,029 in future grants to be made to state organizations from 2015 assessments revenue to be spent subsequent to year end for the research, development, and demonstration program making the total for 2015, 34 percent of net assessments revenue. Additionally, as of December 31, 2015, \$368,574 in additional national spending from 2014 assessments revenue remains to be spent in future periods and unallocated state rebates of 2015 revenue will be used for the research, development, and demonstration program.

NATIONAL OILHEAT RESEARCH ALLIANCE, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 5 - PROGRAM SERVICES (continued)

Heating Oil Efficiency and Upgrade

The NORA Public Law 113-79 requires the Alliance to ensure not less than 15 percent of the assessments collected for each calendar year under the NORA Public Law 113-79 are used by qualified state associations or the Alliance to carry out programs to assist consumers (i) to make cost-effective upgrades to more fuel efficient heating oil systems or otherwise make cost-effective modifications to an existing heating system to improve the efficiency of the system, (ii) to improve energy efficiency or reduce energy consumption through cost-effective energy efficiency programs for consumers, or (iii) to improve the safe operation of a heating system.

In 2015, the Alliance granted or expended \$1,366,329 for the heating oil efficiency and upgrade program, including \$54,221 in grants and spending of past years assessments revenue. The Alliance also budgeted \$100,000 in additional national spending and \$92,545 in future grants to be made to state organizations from 2015 assessments revenue for the heating oil efficiency and upgrade program, of which \$73,551 remained unspent as of December 31, 2015, making the total for 2015, 15 percent of net assessments revenue. Additionally, unallocated state rebates of 2015 assessments revenue will be used for the heating oil efficiency and upgrade program.

Consumer Education, Safety, and Training

The NORA Public Law 113-79 requires the Alliance to ensure not more than 30 percent of the assessments collected for each calendar year under the NORA Public Law 113-79 are used (i) to conduct consumer education activities relating to oilheat fuel, including providing information to consumers on energy conservation strategies, safety, new technologies that reduce consumption or improve safety and comfort, the use of biofuel blends, and federal, state, and local programs designed to assist oilheat fuel consumers, (ii) to conduct worker safety and training activities relating to oilheat fuel, including energy efficiency training, (iii) to carry out other activities recommended by the Secretary of Energy, or (iv) to establish a data collection process to track equipment, service, and related safety issues to develop measures to improve safety.

In 2015, the Alliance granted or expended \$2,866,471 for the consumer education, safety, and training program, including \$108,444 in grants and spending of past years assessments revenue. The Alliance also budgeted \$300,000 in additional national spending and \$185,084 in future grants to be made to state organizations from 2015 assessments revenue for the consumer education, safety, and training program, of which \$11,468 remained unspent as of December 31, 2015, making the total for 2015, 30 percent of net assessments revenue program.

Unallocated State Rebates

In addition to the specific program commitments discussed previously, the Alliance has committed \$1,736,928, which is 18 percent of net 2015 assessment revenue, for state rebates that have not yet been allocated to a program specified in the NORA Public Law 113-79. The Alliance plans to allocate these state rebates to the research, development, and demonstration and/or heating oil efficiency and upgrade programs. State organizations develop detailed plans for use of the rebates to do work under these programs. These funds will be allocated between programs in accordance with the requirements of NORA Public Law 113-79 as discussed previously.

NATIONAL OILHEAT RESEARCH ALLIANCE, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 6 - STATE GRANTS PAYABLE AND OBLIGATION FOR UNALLOCATED REBATES

Under NORA Public Law 113-79, the Alliance has entered into various grant agreements with state organizations which may require periodic payment of grant funds. The outstanding grant liability by program is as follows as of December 31:

| | <u>2015</u> | <u>2014</u> |
|--|---------------------|---------------------|
| Research, development, and demonstration | \$ 859,871 | \$ 235,974 |
| Heating oil efficiency and upgrade | 1,376,589 | 595,454 |
| Consumer education, safety, and training | 1,367,898 | 1,020,748 |
| Unallocated state rebates | <u>2,350,390</u> | <u>906,381</u> |
| Total | <u>\$ 5,954,748</u> | <u>\$ 2,758,557</u> |

NOTE 7 - STATE GRANT REBATES REMAINING UNDER NORA PUBLIC LAW 106-469

Under NORA Public Law 106-469, the Alliance entered into various grant agreements, which may require periodic payments of grant funds. The outstanding grant liability, which is recorded as a current liability in the accompanying statements of financial position, was granted to state organizations in accordance with NORA Public Law 106-469. As of December 31, 2015 and 2014, \$465,397 and \$774,402, respectively, remained outstanding.

NOTE 8 - ADMINISTRATIVE EXPENSE CAP

NORA Public Law 113-79 requires the Alliance to limit expenditures for “Administrative” costs to five percent of revenue generated by assessment remittances beginning April 1, 2014. In 2015, the Alliance expended \$229,850 for administrative expenses, which was 2 percent of net assessments revenue in the year ended December 31, 2015. Thus, management believes the Alliance is in compliance with NORA Public Law 113-79.

NOTE 9 - COLLECTION COSTS

The Alliance has also developed an audit system for collections compliance and has the legal authority to conduct audits to ensure member compliance. Collection costs include the costs incurred to process annual assessments, to publicize the collection system, and to ascertain compliance as stipulated by NORA Public Law 113-79. Collection costs were \$180,385 and \$193,262 for the years ended December 31, 2015 and 2014, respectively.

NOTE 10 - DESIGNATED NET ASSETS

Pre-2014 Reauthorization Designated Net Assets

As discussed previously, NORA Public Law 113-79 became effective April 1, 2014. The Alliance designated the remaining net assets under the former NORA Public Law 106-469 for use in a national oilheat education program. As of December 31, 2015 and 2014, \$472,266 and \$487,232, respectively, remain unspent and are designated for future use. Management has plans to expend these funds in the year ended December 31, 2016.

NATIONAL OILHEAT RESEARCH ALLIANCE, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 10 - DESIGNATED NET ASSETS (continued)

State Grants and Rebates Made After Year End Designated Net Assets

The Alliance establishes a budget for net assessments revenue and makes state grants and obligations for state rebates based on this budget. Actual results were higher than this initial budget. Therefore, the Alliance will communicate additional state grants and rebates to the states totaling \$404,660 to be in compliance with NORA Public Law 113-79. Net assets of this amount were designated by the Alliance for future use as state grants and rebates as of December 31, 2015.

National Spending Not Yet Incurred Designated Net Assets

Included within the 2014 and 2015 budgets is \$2,453,592 in national spending of 2014 and 2015 assessments revenue, which had not yet been incurred as of December 31, 2015. The Alliance has designated net assets in this amount as of December 31, 2015 for future program spending.

NATIONAL OILHEAT RESEARCH ALLIANCE, INC.

SUPPLEMENTAL SCHEDULE OF EXPENSES BY STATE/JURISDICTION -
RESEARCH, DEVELOPMENT, AND DEMONSTRATION
FOR THE YEAR ENDED DECEMBER 31, 2015

| | Amounts Granted/ Expended in 2015 | 2015 State Grants Made After Year End | 2015 National Spending Not Yet Incurred | Total |
|---|--|--|---|---------------------|
| STATE GRANTS- | | | | |
| Connecticut | \$ 68,833 | \$ 13,766 | \$ - | \$ 82,599 |
| Delaware | 6,068 | 842 | - | 6,910 |
| Idaho | 662 | 57 | - | 719 |
| Indiana | 1,648 | 175 | - | 1,823 |
| Kentucky | 12,155 | 1,563 | - | 13,718 |
| Maine | 41,743 | 8,258 | - | 50,001 |
| Maryland | 21,878 | 4,303 | - | 26,181 |
| Massachusetts | 81,744 | 15,231 | - | 96,975 |
| Michigan | 22,464 | 2,940 | - | 25,404 |
| Nevada | 353 | 27 | - | 380 |
| New Hampshire | 35,512 | 5,368 | - | 40,880 |
| New Jersey | 62,780 | 8,516 | - | 71,296 |
| New York - | | | | |
| NYOHA | 44,253 | 7,368 | - | 51,621 |
| UNYEA | 34,608 | 5,761 | - | 40,369 |
| HVOEC | 20,365 | 3,391 | - | 23,756 |
| OHILI | 38,587 | 6,424 | - | 45,011 |
| ESEA | 15,312 | 2,549 | - | 17,861 |
| North Carolina | 23,276 | 4,333 | - | 27,609 |
| Ohio | 20,754 | 3,164 | - | 23,918 |
| Oregon | 1,375 | 88 | - | 1,463 |
| Pennsylvania | 99,211 | 17,183 | - | 116,394 |
| Rhode Island | 42,017 | 3,451 | - | 45,468 |
| South Carolina | 3,564 | 1,616 | - | 5,180 |
| Virginia | 59,105 | 4,209 | - | 63,314 |
| Vermont | 14,468 | 3,020 | - | 17,488 |
| Washington | 4,474 | 516 | - | 4,990 |
| Washington, D.C. | 581 | 69 | - | 650 |
| Wisconsin | 13,709 | 2,841 | - | 16,550 |
| NATIONAL | <u>590,677</u> | <u>-</u> | <u>2,000,000</u> | <u>2,590,677</u> |
| TOTAL STATE GRANTS AND NATIONAL SPENDING | <u>\$ 1,382,176</u> | <u>\$ 127,029</u> | <u>\$ 2,000,000</u> | <u>\$ 3,509,205</u> |

In addition to these amounts, the unallocated state rebates detailed in accompanying supplemental schedule of expenses by state/jurisdiction - unallocated state rebates will be used for either this program or for the heating oil efficiency and upgrade program.

See independent auditor's report.

NATIONAL OILHEAT RESEARCH ALLIANCE, INC.

SUPPLEMENTAL SCHEDULE OF EXPENSES BY STATE/JURISDICTION -
HEATING OIL EFFICIENCY AND UPGRADE
FOR THE YEAR ENDED DECEMBER 31, 2015

| | Amounts Granted/ Expended in 2015 | 2015 State Grants Made After Year End | 2015 National Spending Not Yet Incurred | Total |
|---|--|--|---|---------------------|
| STATE GRANTS- | | | | |
| Connecticut | \$ 118,657 | \$ 10,028 | \$ - | \$ 128,685 |
| Delaware | 10,461 | 614 | - | 11,075 |
| Idaho | 1,141 | 41 | - | 1,182 |
| Indiana | 2,841 | 127 | - | 2,968 |
| Kentucky | 20,953 | 1,139 | - | 22,092 |
| Maine | 71,958 | 6,016 | - | 77,974 |
| Maryland | 37,713 | 3,135 | - | 40,848 |
| Massachusetts | 140,914 | 11,096 | - | 152,010 |
| Michigan | 38,725 | 2,142 | - | 40,867 |
| Nevada | 609 | 19 | - | 628 |
| New Hampshire | 61,216 | 3,911 | - | 65,127 |
| New Jersey | 108,222 | 6,204 | - | 114,426 |
| New York - | | | | |
| NYOHA | 76,284 | 5,367 | - | 81,651 |
| UNYEA | 59,658 | 4,197 | - | 63,855 |
| HVOEC | 35,107 | 2,470 | - | 37,577 |
| OHILI | 66,518 | 4,680 | - | 71,198 |
| ESEA | 26,396 | 1,857 | - | 28,253 |
| North Carolina | 40,125 | 3,157 | - | 43,282 |
| Ohio | 35,924 | 2,305 | - | 38,229 |
| Oregon | 2,313 | 64 | - | 2,377 |
| Pennsylvania | 171,725 | 12,523 | - | 184,248 |
| Rhode Island | 39,667 | 2,514 | - | 42,181 |
| South Carolina | 6,169 | 1,177 | - | 7,346 |
| Virginia | 35,908 | 3,066 | - | 38,974 |
| Vermont | 25,042 | 2,200 | - | 27,242 |
| Washington | 7,744 | 376 | - | 8,120 |
| Washington, D.C. | 1,002 | 50 | - | 1,052 |
| Wisconsin | 23,729 | 2,070 | - | 25,799 |
| NATIONAL | <u>99,608</u> | <u>-</u> | <u>73,551</u> | <u>173,159</u> |
| TOTAL STATE GRANTS AND NATIONAL SPENDING | <u>\$ 1,366,329</u> | <u>\$ 92,545</u> | <u>\$ 73,551</u> | <u>\$ 1,532,425</u> |

In addition to these amounts, the unallocated state rebates detailed in the accompanying supplemental schedule of expenses by state/jurisdiction - unallocated state rebates will be used for either this program or for the research, development, and demonstration program.

See independent auditor's report.

NATIONAL OILHEAT RESEARCH ALLIANCE, INC.

SUPPLEMENTAL SCHEDULE OF EXPENSES BY STATE/JURISDICTION -
CONSUMER EDUCATION, SAFETY, AND TRAINING
FOR THE YEAR ENDED DECEMBER 31, 2015

| | Amounts Granted/ Expended in 2015 | 2015 State Grants Made After Year End | 2015 National Spending Not Yet Incurred | Total |
|---|--|--|---|---------------------|
| STATE GRANTS- | | | | |
| Connecticut | \$ 227,947 | \$ 20,057 | \$ - | \$ 248,004 |
| Delaware | 20,095 | 1,227 | - | 21,322 |
| Idaho | 2,192 | 83 | - | 2,275 |
| Indiana | 5,457 | 254 | - | 5,711 |
| Kentucky | 40,252 | 2,278 | - | 42,530 |
| Maine | 138,236 | 12,033 | - | 150,269 |
| Maryland | 72,449 | 6,270 | - | 78,719 |
| Massachusetts | 270,704 | 22,192 | - | 292,896 |
| Michigan | 74,393 | 4,283 | - | 78,676 |
| Nevada | 1,170 | 39 | - | 1,209 |
| New Hampshire | 117,600 | 7,821 | - | 125,421 |
| New Jersey | 207,901 | 12,408 | - | 220,309 |
| New York - | | | | |
| NYOHA | 146,547 | 10,735 | - | 157,282 |
| UNYEA | 114,600 | 8,395 | - | 122,995 |
| HVOEC | 67,442 | 4,940 | - | 72,382 |
| OHILI | 127,785 | 9,360 | - | 137,145 |
| ESEA | 50,708 | 3,714 | - | 54,422 |
| North Carolina | 77,082 | 6,314 | - | 83,396 |
| Ohio | 69,011 | 4,610 | - | 73,621 |
| Oregon | 4,448 | 129 | - | 4,577 |
| Pennsylvania | 329,894 | 25,034 | - | 354,928 |
| Rhode Island | 76,203 | 5,029 | - | 81,232 |
| South Carolina | 11,850 | 2,354 | - | 14,204 |
| Virginia | 68,982 | 6,132 | - | 75,114 |
| Vermont | 48,107 | 4,401 | - | 52,508 |
| Washington | 14,877 | 752 | - | 15,629 |
| Washington, D.C. | 1,926 | 100 | - | 2,026 |
| Wisconsin | 45,586 | 4,140 | - | 49,726 |
| NATIONAL | <u>433,027</u> | <u>-</u> | <u>11,468</u> | <u>444,495</u> |
| TOTAL STATE GRANTS AND NATIONAL SPENDING | <u>\$ 2,866,471</u> | <u>\$ 185,084</u> | <u>\$ 11,468</u> | <u>\$ 3,063,023</u> |

See independent auditor's report.

NATIONAL OILHEAT RESEARCH ALLIANCE, INC.

SUPPLEMENTAL SCHEDULE OF EXPENSES BY STATE/JURISDICTION -
UNALLOCATED STATE REBATES
FOR THE YEAR ENDED DECEMBER 31, 2015

| | Amounts Granted/ Expended in 2015 | 2015 State Rebates After Year End | 2015 National Spending Not Yet Incurred | Total |
|--|--|---|---|----------------------------|
| UNALLOCATED STATE REBATES- | | | | |
| Connecticut | \$ 164,495 | \$ - | \$ - | \$ 164,495 |
| Delaware | 14,501 | - | - | 14,501 |
| Idaho | 1,582 | - | - | 1,582 |
| Indiana | 3,938 | - | - | 3,938 |
| Kentucky | 29,048 | - | - | 29,048 |
| Maine | 99,756 | - | - | 99,756 |
| Maryland | 52,282 | - | - | 52,282 |
| Massachusetts | 195,350 | - | - | 195,350 |
| Michigan | 53,685 | - | - | 53,685 |
| Nevada | 844 | - | - | 844 |
| New Hampshire | 84,864 | - | - | 84,864 |
| New Jersey | 150,029 | - | - | 150,029 |
| New York - | | | | |
| NYOHA | 105,754 | - | - | 105,754 |
| UNYEA | 82,701 | - | - | 82,701 |
| HVOEC | 48,669 | - | - | 48,669 |
| OHILI | 92,214 | - | - | 92,214 |
| ESEA | 36,593 | - | - | 36,593 |
| North Carolina | 55,625 | - | - | 55,625 |
| Ohio | 49,801 | - | - | 49,801 |
| Oregon | 3,171 | - | - | 3,171 |
| Pennsylvania | 238,064 | - | - | 238,064 |
| Rhode Island | 35,892 | - | - | 35,892 |
| South Carolina | 8,552 | - | - | 8,552 |
| Virginia | 49,780 | - | - | 49,780 |
| Vermont | 34,716 | - | - | 34,716 |
| Washington | 10,736 | - | - | 10,736 |
| Washington, D.C. | 1,390 | - | - | 1,390 |
| Wisconsin | 32,896 | - | - | 32,896 |
| TOTAL UNALLOCATED STATE REBATES | <u>\$ 1,736,928</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,736,928</u> |

These unallocated state rebates will be allocated to either the research, development, and demonstration or the heating oil efficiency and upgrade programs based on detailed plans for use of the rebates to be submitted by the states.